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# ACTIVITIES IMPLEMENTED JOINTLY UNDER THE PILOT PHASE

## Options for reporting guidelines

## Note by the secretariat

## I. INTRODUCTION

### A. Mandate

1. The Conference of the Parties, at its first session (COP 1), by its decision 5/CP.1,* decided that a framework for reporting on activities implemented jointly under the pilot phase should be established by the Subsidiary Body for Scientific and Technological Advice (SBSTA), in coordination with the Subsidiary Body for Implementation (SBI).

2. The SBSTA, at its first session, considered the issue and requested the secretariat to prepare proposals on a reporting framework, taking into consideration views expressed by Parties and experience gained in activities implemented jointly, for consideration at its future sessions (FCCC/SBSTA/1995/3, para. 31 (b)). Submissions by Parties were compiled by the secretariat in response to the request made by the SBSTA, at its first session (FCCC/SBSTA/1995/3, para. 31 (a)). Those submissions are available in documents FCCC/SBSTA/1995/MISC.1 and FCCC/SBSTA/1996/MISC.1.

* For decisions adopted by the Conference of the Parties at its first session, see document FCCC/CP/1995/7/Add.1.

### B. Scope of the note

3. The present note aims at assisting Parties in establishing a reporting framework for activities implemented jointly under the pilot phase for which proposals by Parties are before the SBSTA. To assist Parties in elaborating a reporting framework, this note, starting from decision 5/CP.1, considers the purpose of the reporting framework, draws attention to some options for its design and suggests a process for establishing the framework and conducting related methodological work.

## II. PURPOSE OF THE REPORTING FRAMEWORK

4. In establishing a pilot phase for activities implemented jointly, the COP decided to launch a process in which this form of international cooperation for the implementation of the objective of the Convention would be tested, the experience with it observed, and information on this experience gathered, analysed and synthesized. The COP therefore mandated the SBSTA to establish a reporting framework in coordination with the SBI. Consistent with the provisions of decision 5/CP.1, it is envisaged that the information collected will enable the COP:

(a) To review, at its annual session, the progress of the pilot phase on the basis of a synthesis report;

(b) To take appropriate decisions on the continuation of the pilot phase;

(c) To take into consideration the need for a comprehensive review of the pilot phase in order to take a conclusive decision on the pilot phase and the progression beyond that, no later than the end of the present decade.

5. In performing these tasks the COP will consider the criteria defined in decision 5/CP.1, paragraph 1.

6. Information collected for the purposes mentioned in paragraph 4 above may range from basic information to identify activities implemented jointly and their essential results as regards greenhouse gas emissions to more comprehensive information covering numerous aspects of these activities. As reporting information will impose a cost on those who implement activities and on reporting Parties, it is important to avoid placing an excessive burden of such transaction costs on them. However, the very nature of the pilot phase implies careful observation in order to facilitate decision-making during this phase, while reporting requirements could possibly be reduced thereafter. Finding an appropriate balance between these concerns in determining the optimum level of detail necessary to inspire confidence in the reported information will be the task of the SBSTA in establishing a

reporting framework for the pilot phase. This action is needed at an early date in order to make it possible to collect information on activities under way and thus begin to build up experience.

## III. OPTIONS FOR THE DESIGN OF THE REPORTING FRAMEWORK

7. In designing a reporting framework, a number of issues need to be addressed.

8. Some of the issues have to do with the reporting process. It is recalled in that regard that the COP decided that during the pilot phase the "... Parties ... are encouraged to report to the Conference of the Parties through the secretariat using the framework thus established. This reporting shall be distinct from the national communications of Parties" (decision 5/CP.1, para. 2 (b)). The following issues need to be considered:

(a) Who should report on a given activity? Each participating Party separately or participating Parties jointly? In the latter case the report could be submitted through, for example, the host country;

(b) What should be the level of reporting? Should the report be at the activity level or at a more aggregated level like that of a national programme comprising several activities?

(c) When should information be reported (in view of the need to monitor the different stages of implementation of activities implemented jointly, and to avoid peaks of information processing)?

9. Other issues are related to the criteria defined in decision 5/CP.1:

(a) **"... activities implemented jointly should be compatible with and supportive of national environment and development priorities and strategies ..."** (decision 5/CP.1, para. 1 (b)), which could be considered in conjunction with the provision that the reporting shall be on **"... the national economic, social and environmental impacts ..."** (decision 5/CP.1, para. 2 (a)). The reporting framework needs to provide for a Party to confirm that an activity is compatible with and supportive of its national environment and development priorities and strategies. Furthermore it needs to be decided which indicators for national economic, social and environmental impacts should be reported on. The recognition that activities implemented jointly **"... could contribute to the achievement of the objective of the Convention and to the fulfilment of commitments of Annex II Parties under Article 4.5 of the Convention"** (decision 5/CP.1, preambular para. (b)) may indicate that transfer of technology should be addressed in the reporting framework in this context.

Activities implemented jointly should **"... contribute to cost-effectiveness in achieving global benefits..."** (decision 5/CP.1, para. 1 (b)). To meet this criterion, indicators must be defined that will make the assessment of such a contribution possible. A decision will be needed on what cost element and which elements characterizing global benefits related to activities implemented jointly should be reported.

Activities implemented jointly **"... could be conducted in a comprehensive manner covering all relevant sources, sinks and reservoirs of greenhouse gases"** (decision 5/CP.1, para. 1 (b)). This defines the scope of the activities that may be reported on.

(b) **"... all activities implemented jointly under this pilot phase require prior acceptance, approval or endorsement by the Governments of the Parties participating in these activities"** (decision 5/CP.1, para. 1 (c)).

The issues here are the form in which such acceptance, approval or endorsement is reported and which national entity has the authority to take such action.

(c) Activities implemented jointly **"should bring about real, measurable and long-term environmental benefits related to the mitigation of climate change that would not have occurred in the absence of such activities"** (decision 5/CP.1, para. 1 (d)).

Bringing about real, measurable and long-term environmental benefits related to the mitigation of climate change is at the core of the Convention. The implicit reference to what would have occurred in the absence of the considered activity raises a number of issues including baselines and additionality. Determining the impact of an activity on greenhouse gas emission levels implies the definition of a baseline. Baselines are difficult to define, as what would have occurred in the absence of the considered activity cannot be determined with certainty. Some analysts therefore suggest that alternative baselines should be considered. Other issues are the review of baselines over time, the monitoring of real, measurable
long-term benefits over time and the frequency with which this is done.

(d) **"... the financing of activities implemented jointly shall be additional to the financial obligations of Parties included in Annex II to the Convention within the framework of the financial mechanism as well as to current official development assistance (ODA) flows"** (decision 5/CP.1, para. 1 (e)).

This implies that detailed information on the financing structure should be provided and that a clear definition by Parties on what they consider to be ODA is required.

## IV. PROPOSED ACTIVITIES

10. The SBSTA has before it proposals by Parties for a reporting framework contained in the documents mentioned in paragraph 2 above. Those proposals represent alternative approaches to issues raised in paragraphs 8 and 9 above. The SBSTA may wish at this session to decide on an initial framework based on those inputs so that reporting can begin. In case the initial framework needs elaboration in order to address more fully issues raised in paragraphs 8 and 9 above, the secretariat could be requested to prepare proposals in that regard, for consideration by the SBSTA at its third session, taking into account the views expressed by Parties. At that session, the SBSTA could thus establish a reporting framework for the pilot phase.

11. It is recalled that the SBSTA and the SBI, with the assistance of the secretariat, are to prepare a synthesis report for consideration by the COP. The first such report could be prepared for the COP at its third session.

12. Collection of information in accordance with the reporting framework should be supplemented by a process of study and analysis in which a number of representative case studies could be prepared. Such a process could address methodological issues referred to in this note, as well as others that may emerge in the course of the pilot phase. This work could be initiated after the third session of the SBSTA and its progress would be reported to the SBI, consistent with the division of labour between these subsidiary bodies.

13. It is noted in this regard that a process is under way to establish an intergovernmental technical advisory panel (ITAP). In the annex to the draft decision of the SBSTA on the "Establishment of an intergovernmental technical advisory panel", contained in the report by the Chairman on his informal consultations (FCCC/SBSTA/1996/2), one task refers to activities implemented jointly. Once established, the panel could therefore contribute to the implementation of the above-mentioned actions.

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